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CAFTA Will Benefit Louisiana More Than Any Other State

By Charles W. Nelson, President, World Trade Center of New Orleans

The U.S.-Central America Free Trade Agreement being submitted by President Bush to Congress for final U.S. approval is important to our country as a whole and to Louisiana and its ports.

The World Trade Center, the Port of New Orleans, Greater New Orleans Inc., the city of New Orleans, Reps. William Jefferson, D-New Orleans, and Jim McCrery, R-Shreveport, and many others support this agreement and urge its approval by Congress.

Here's why: CAFTA is largely about opening the Central American markets of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, plus the Dominican Republic in the Caribbean to buy our goods and services. The U.S. market is already substantially open to their imports.

More than 75 percent of the CAFTA region's imports into the United States and 99 percent of its agricultural products already enter the United States duty free. This agreement will level the playing field by opening their markets to U.S. exports, eliminating tariffs and non-tariff barriers that impede U.S. opportunities in those countries.

For Louisiana, this means increased exports of goods and services produced by Louisiana companies and additional cargoes from more than 30 other states handled by our deepwater ports. The opportunities for Louisiana companies include increased sales of chemicals and plastics, paper products, industrial machinery, processed foods, meat and poultry products, cotton, rice, soybeans and many other products. The CAFTA market is already important to the United States and Louisiana and will grow larger under this agreement.

Today's U.S. exports to CAFTA countries exceed U.S. sales to Russia, India and Indonesia combined (\$15.7 billion in 2004), while Louisiana's exports to the CAFTA market are equal to Germany, the United Kingdom, France and Italy combined (\$1.2 billion in 2004).

Louisiana stands to benefit from CAFTA more than any other state because of our proximity to the region and our deepwater port system. The Mississippi River is truly the "Avenue of the Americas." It's a magnificent water highway to the world that is especially advantageous for shipments to and from Latin America.

According to a study by University of New Orleans Chancellor Tim Ryan, the total economic impact of Louisiana's ports exceeds \$29 billion and accounts for more than 240,000 jobs, or about one in eight, in the state.

Latin America is the obvious growth market for the future for Louisiana products and services, as well as for cargoes shipped through our ports. CAFTA will only enhance that potential.

In a major study last year commissioned by the Port of New Orleans, Louisiana State University economist James Richardson projected that CAFTA's passage would impact the Louisiana economy with new business sales of up to \$338 million and up to 2,700 new jobs.

One need only look around this city and state to see the multitude of opportunities for our businesses, our universities, our medical centers, our tourism industry and many other sectors of the economy.

At the same time, we understand the concerns of the state's sugar industry and its fear that this agreement and the small increase in allowed imported sugar from the CAFTA countries (amounting to 1.2 percent of current U.S. sugar consumption, growing slowly over 15 years to about 1.7 percent) will lead to more free trade agreements that include sugar. But most analysts project that CAFTA will have little impact on the domestic sugar industry given these relatively small amounts of additional imported sugar and the safeguards for sugar built into the agreement.

CAFTA culminates 20 years of democratic and social progress in the region, encouraged by the United States. All of the presidents are committed to strengthening democracy in their countries and to promoting growth, reducing poverty and creating equality of opportunity.

The United States -- and Louisiana more than any state because of our long history of international relations and trade -- must not turn its back now on our friends in Central America and the Dominican Republic.

CAFTA is a welcome and vital agreement that deserves approval by Congress.

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